



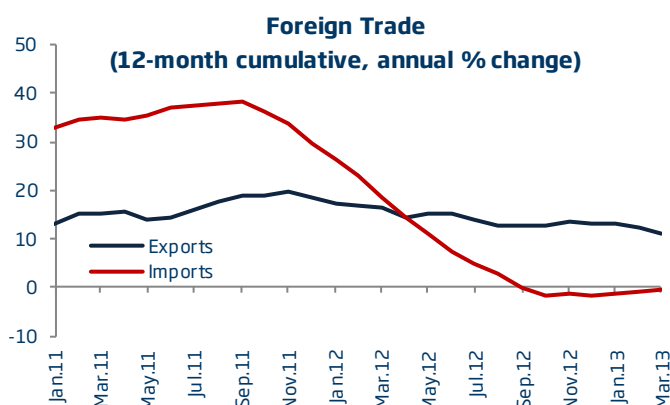
Foreign Trade Balance - March 2013

Economic Research Division

TÜRKİYE İŞ BANKASI

In March, foreign trade deficit was realized as 7.4 billion USD, below the market expectations.

According to data released by Turkstat, exports decreased by 0.3% in March compared to the same month of the previous year and were realized as 13.2 billion USD. During the same period, imports also decreased by 0.6% to 20.6 billion USD. Exports registered an annual decline for the first time since February 2010. Foreign trade deficit narrowed by 1.1% in March and declined to 7.4 billion USD, below the expectations. The import coverage ratio increased by 20 basis points compared to the same month of the previous year and reached 64.1%. On the other hand, calendar adjusted data pointed to 2.8% and 3.2% rise in exports and imports, respectively.



In the first quarter of the year, foreign trade deficit widened by 5.1%.

Analyzing the first quarter figures, both exports and imports increased by 5% compared to the same period of the previous year. Foreign trade deficit also recorded a 5.1% increase in this period. This outlook implies that the contribution of net exports' to growth, which was significant during the last year, diminished in the first quarter of 2013.

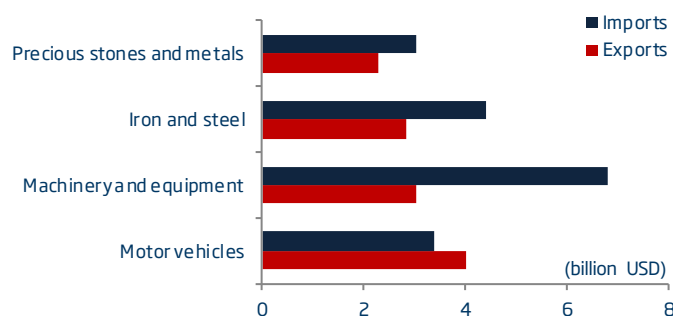
Weak global demand conditions continued to make adverse impacts on Turkey's exports.

The persistent weak outlook in global economy mainly stemming from the Euro Area has continued to make negative impacts on Turkey's export performance.

Analyzing the exports by sectors during the first quarter, the motor vehicles exports ranked first in total exports by 4

billion USD. Machinery and equipment exports became the second with an export volume of 3 billion USD. These two chapters registered an increase of 0.5% and 6.3%, respectively, compared to the same quarter of the last year. Iron and steel exports, on the other hand, ranked third and dropped by 2.2% during the same period.

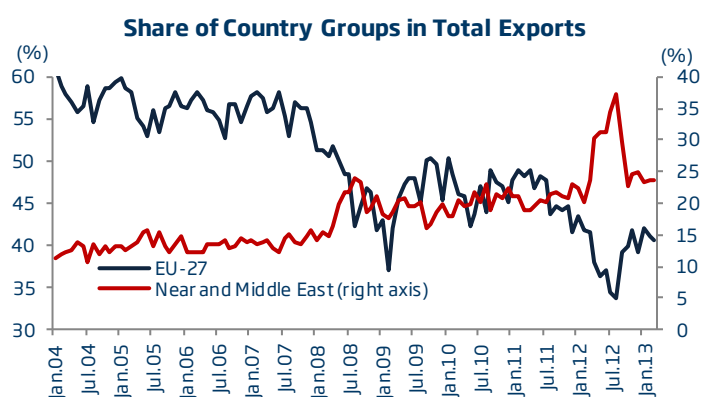
Foreign Trade in Leading Sectors* (Jan-Mar 2013)



* Ranked according to the highest export volume.

In the first quarter, the share of European Union in total exports was 41.2%.

Foreign trade data by country groups indicated that the share of European Union in total exports continued its downward trend. While the share of EU-27 was 42.3% in the first quarter of the previous year, it declined to 41.2% in the first quarter of this year. According to the exports by country of destination, Germany ranked first with 3.3 billion USD and Iraq ranked second with 2.7 billion USD during the same period.



Foreign Trade Balance

	(USD billion)					
	March		Change	January-March		Change
	2012	2013	(%)	2012	2013	(%)
Exports	13.2	13.2	-0.3	35.3	37.1	5.0
Imports	20.7	20.6	-0.6	55.9	58.8	5.0
Foreign Trade Balance	-7.5	-7.4	-1.1	-20.6	-21.7	5.1
Import Coverage Ratio (%)	63.9	64.1	-	63.1	63.1	-

Source: Turkstat

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Energy imports decreased by 20% in March.

The decline in imports volume during March was mainly stemmed from the decreased in oil prices which resulted in a lower energy bill. Energy imports decreased by 20% in March and fell from 5.4 billion USD to 4.3 billion USD compared to the same month of the previous year.

Noteworthy increase in the imports of consumption goods...

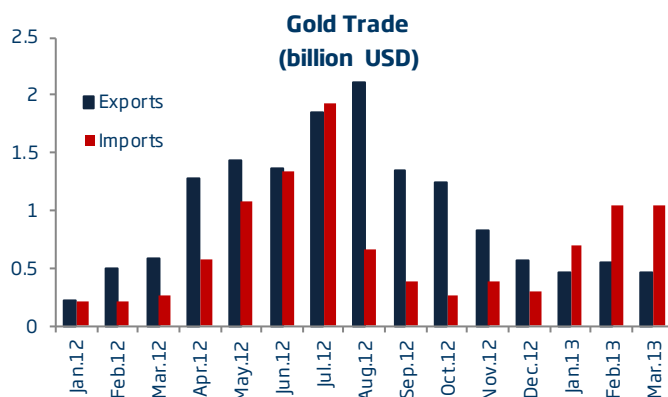
In the first quarter, the impacts of the CBRT's accommodative policies on domestic demand has started to become more evident as shown by the sharp increase in imports of consumptions goods. On the other hand, the imports of intermediate goods registered a relatively limited increase. In the first quarter, the imports of consumption goods and intermediate goods increased by 12.1% and 4.8%, respectively, compared to the same period of the previous year.

The gold imports in the first quarter amounted to 2.8 billion USD.

Gold trade continued to be influential on the foreign trade balance in March. Gold exports and imports amounted to 468 million USD and 1.1 billion USD, respectively, in this month. It was noteworthy that gold imports rose by 300% in the first quarter compared to the same quarter of the previous year. Hence, contrary to the last year's net exporter position in gold, Turkey became a net importer of gold with 1.3 billion USD net gold imports during the first quarter of 2013.

In the first quarter, gold exports increased by 13.6% compared to the same period of the previous year despite the declining gold prices. Together with the rising gold imports, this increase implies that gold exports may

continue to increase even though they lost some momentum. Considering the high amount of gold imports, the course of gold exports in the coming period will continue to be followed.



Expectations...

The recovery in domestic demand conditions led by CBRT's accommodative policies indicates that growth would be driven by consumption and investment expenditures in the coming period and therefore the foreign trade deficit would widen. On the other hand, energy prices which tend to move downward recently would also be influential in the course of foreign trade deficit.

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